

DFD-1336-59

#340

REPLY TO:

Auditor General  
Comptroller, USAF  
Eastern Division  
Liaison Office  
P. O. Box 8155, S.W. Station  
Washington, D. C.

24 February 1959

SUBJECT: Report on Review of Price Proposal for  
Section A and B Work  
Lockheed Aircraft Corporation  
California Division  
Burbank, California  
Contract SP-1915  
Period: 1 July 1957 to 30 June 1958

TO : Contracting Officer

1. In letter dated 8 December 1958 addressed to the Contracting Officer, the contractor submitted a proposed final price and cost of \$2,093,000 and \$1,911,675, respectively, for all Section A and Section B items under the contract. All costs related to the work performed are stated to have been recorded at 2 November 1958, except for the amount of \$6,553 which the auditor has determined was subsequently paid and recorded. The contractor's proposal is summarized as follows:

Proposed cost:

Labor	\$ 795,379
Engineering and factory overhead	551,813
Contract and administrative expense	134,299
Material	430,244
Total	<u>\$1,911,675</u>
Proposed profit	<u>181,325</u>

Proposed price	<u>\$2,093,000</u>
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**2. Results of Examination**

The results of our examination of the costs included in the contractor's proposal are shown by the following summary:

**Auditor's Recommendation**

Costs accepted		\$1,801,702
Costs questioned:		
As to propriety of amount	\$13,587	
For consideration by the Contracting Officer	<u>96,386</u>	<u>109,973</u>
Total		<u>\$1,911,675</u>

a. Explanations of the items questioned are made in Schedule 1.

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Audit Liaison Officer  
Eastern District  
Auditor General